



NEW YORK STATE SENATOR

Craig M. Johnson

## GREAT NECK RECORD Reports that Johnson-Backed Foreclosure Bill Signed into Law

CRAIG M. JOHNSON January 10, 2010

| ISSUE: **FORECLOSURE**

Landmark legislation that protects homeowners and communities from the ongoing foreclosure crisis has been signed into law, Senator Craig M. Johnson, (D-Nassau), announced.

“This measure not only assists homeowners against unscrupulous lenders and uncooperative banks, but just as importantly, it helps protect their neighbors and neighborhoods from the ripple effects of a foreclosure crisis that they had no direct involvement with,” Senator Johnson said.

The legislation, many aspects of which originated in the Senate, puts into place tough new provisions that:

**Safeguard Homeowners:** Requires that lenders and mortgage servicers provide a foreclosure notice to all distressed borrowers at least 90 days before any legal action is taken.

**Protect Neighborhoods:** Requires a plaintiff in a mortgage foreclosure action to maintain the property in compliance with certain sections of the NYS Building code or other local housing

code. If property is occupied by a tenant, it must remain in safe and habitable condition. Additionally, all tenants of a foreclosed property must be notified of the change in ownership, and permitted to remain in their home for the remainder of their lease term or 90 days, whichever is longer.

**Expand Mandatory Settlement Conferences:** Expands the borrowers who are eligible to receive the benefit of this settlement conference to include all home loans for a period of five years. Also requires litigants to negotiate in good faith to try to reach a mutually agreeable resolution.

**Protect Distressed Homeowners from Rescue Scams:** Precludes and licensees or registrants from accepting up-front fees in connection with performing the business of distressed property consulting. Additionally, this provides a mortgage broker with three days to disclose the exact amount and methodology of total compensation that the broker will receive.

The bill recently passed both houses of the Legislature and was signed into law last week.

New York's housing market has suffered a particularly severe fallout in the wake of the housing crisis in the U.S., with over 50,000 new foreclosure filings in 2008 alone, a 30 percent increase over the preceding year. A staggering 58,000 outstanding mortgage loans in New York entered some form of delinquency in September 2009. Over the next four years, over 230,000 additional homes are expected to be lost to foreclosures, costing the state's economy over \$4 billion.

This bill builds upon landmark foreclosure prevention legislation that was passed by the Senate in 2008.